FOREIGN AGRICULTURE

Plantain harvesting in Cuba.

May 27, 1974

Czechoslovakia–U.S. Trade Up

Cuba's Agriculture and Trade

Foreign Agricultural Service
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This week's cover:

Plantain harvesting in Cuba's Pinar del Rio Province. Production of several key Cuban farm products—including sugar and rice—improved in 1973 over below-average outturns of the 2 previous years. Sugarcane areas are being replanted with new high-yield varieties.

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Czechoslovakia Imports Record Level of U.S. Farm Products

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CZECHOSLOVAKIA'S imports of U.S. agricultural commodities, already nearly 40 times the value of its farm exports to the United States, hit a record high of about $61 million in 1973, due mainly to big gains in the value of imported U.S. oilseeds, oilseed products, and cattle hides.

While total value of U.S. exports to Czechoslovakia rose steadily from about $28 million in 1971 through 1973, the value of grain exports decreased. Grain, once the leading U.S. export commodity to Czechoslovakia, has been replaced by oilcake and meal and cattle hides.

Because Czechoslovakia's grain imports from the United States are principally for feed, the type of grain imported depends upon both availability and price. In 1971, for example, Czechoslovakia imported U.S. corn; in 1972, barley and corn; and in 1973, wheat and corn.

Inflation is making a deep impact on the value of trade between the two countries. The jump in value of U.S. farm exports from about $40 million in 1972 to $61 million in 1973 was caused more by higher prices than by increased volume of trade.

Price increases were less spectacular for grains than for oilmeals and cattle hides. For grains, 58 percent of the grain in export value can be attributed to price increases. For oilmeals, a whopping 84 percent is due to higher prices. For cattle hides, the gains were due entirely to price increases, as the quantity of hides exported declined by 10 percent.

The value of Czechoslovakia's agricultural exports to the United States, on the other hand, declined from the modest $1.9 million total of 1971 to $1.6 million in 1973.

In the view of Czechoslovakian authorities, the revocation by the United States in 1951 of most-favored-nation (MFN) tariff treatment toward Czechoslovakia has hampered sales of merchandise to the United States and has hindered bilateral trade expansion by curtailing Prague's opportunities to increase dollar earnings.

Although the MFN tariff treatment might improve Czechoslovakian export prospects, any increase in dollar earnings would have less impact on U.S. agricultural sales to Czechoslovakia than U.S. competitiveness in price and credit terms. All hard-currency countries are Czechoslovakia's residual suppliers of agricultural commodities with sales depending upon the availability of any given commodity in the member countries of the Council for Economic Mutual Assistance (CEMA)[1] or in the developing countries.

A restoration by the United States of most-favored-nation tariff treatment for Czechoslovakia would not, in the near future, necessarily result in any substantial change in the present pattern of trade between the two countries. Czechoslovakia might have difficulty in expanding its volume of exports to the United States because of the long isolation of its products from the U.S. market, the geographic distance involved, and because of differences in the technical standards existing in the two countries.

An improved climate between the United States and Czechoslovakia was established in 1973 through the visit of former U.S. Secretary of State William P. Rogers to Prague. During this visit, a consular agreement was signed, and was followed up in October with negotiations for exchanges of information in the scientific, cultural, and technological fields.

Czechoslovakian Prime Minister Lubomir Strougal recently indicated that some new U.S. trade contracts are in the preparatory stage, but he hinted that they are conditioned upon reinstatement of most-favored-nation tariff

[1] **CEMA member countries: Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, the USSR, Mongolia, and Cuba.**

treatment by the United States.

Prague has already smoothed its trade relationships with several developed countries that are not members of the CEMA—countries such as Austria, Finland, and Switzerland—by agreeing to balance bilateral trade in convertible currencies.

Also, Czechoslovakia is striving to make all its trade agreements of 3 to 5 years' duration as a hedge against inflationary price increases and to facilitate orderly, long-range planning. Trade agreements with the United States have, up to now, been on an annual basis.

Commercial loans, rather than loans by international governmental lending institutions, are used by Prague. One obstacle encountered by Czechoslovakia in seeking Export-Import Bank loan guarantees lies in Prague's reluctance to supply details relating to assets and liabilities.

AGRICULTURAL PRODUCTS accounted, in the first half of 1973, for about 25 percent of all Czechoslovakian imports, and for about 7.5 percent of exports, compared with the 1970-72 average of 23.5 percent and 7.6 percent, respectively.

CEMA members in 1973—as in previous years—accounted for about two-thirds of total Czechoslovakian agricultural trade. The U.S. share of all Czechoslovakian exports was 0.6 percent, and the U.S. share of imports was 2.9 percent.

The United States has the largest share of the Czechoslovakian cattle hide import market. The U.S. share rose from 30 percent in 1970 to 39 percent in 1972.

During the same period, the share of oilmeals sold direct from the United States increased from 10 percent to 25 percent. In addition to these purchases, about two-thirds of total annual oilmeal imports—purchased mainly in West Germany—were of U.S. origin. Some of these meals were transshipped from European ports, and others were crushed in Western Europe from U.S. soybeans.

As a result of the renewed trade negotiations between the United States and Czechoslovakia, Prague now plans to purchase this year direct from the United States about 458,000 tons of soymeal, compared with an average 152,000 tons purchased in 1972 and 1973 and about as much as the annual average of oilmeal imports in those 2 years.

Czechoslovakia's grain imports averaged 1.8 million tons annually between 1970 and 1972. The USSR was the principal supplier. The largest U.S. direct export volume in any 1 year was 224,000 tons of corn in 1971.

Some grain reaches Czechoslovakia through transshipments, such as 34,000 tons of corn originating in Canada in 1971, and another small quantity of grain purchased in the United States by the USSR in 1973 and moved, by

Harvesting grain in Czechoslovakia (top). Despite good grain crops in 1973, import needs will remain unchanged because of expanding livestock feed requirements. Czechoslovakian hops (above) are in steady demand by the brewing industry.

stages, to Czechoslovakia.

Some countries supplying agricultural commodities to Czechoslovakia compete in varying degrees with U.S. suppliers. For example, China and Egypt have in recent years been Czechoslovakia's principal supplier of rice. The USSR and Bulgaria supply sunflowerseeds. Egypt and the USSR export cotton to Czechoslovakia, and tobacco is supplied by several Balkan countries. Imports of oilseeds, probably chiefly sunflowerseeds from the United States, increased markedly in value to $5 million in 1973.

Australia has been the principal supplier to Czechoslovakia of wool, Bangladesh of jute, and Hungary of poultry. The main sources of imported fruits and vegetables are Hungary, Romania, and Bulgaria. India is a source of nuts. Hungary and China have exported meat and meat products to Czechoslovakia, although the value of the shipments trended down in 1971 and 1972.

Brazil has been the principal supplier of coffee, India of tea, and the United Kingdom, the main source—via transshipments—of cocoabeans.

Exports of agricultural products from Czechoslovakia are shipped chiefly to countries in Eastern and Western Europe and to the USSR. The most important agricultural exports in 1973 were sugar, malt, and beer. Sugar is exported primarily to Western and Northern Europe, while malt and beer are shipped to Western and Eastern Europe and to the USSR. Canned meat formerly was a major export item to the United States, but by 1973 had declined markedly in value.

Czechoslovakia's economic progress in 1973 was generally regarded as satisfactory. National income increased by 5.2 percent over 1972 levels, and per capita consumption rose by 5 percent. The official freeze on retail prices of food staples, combined with higher personal disposable income, contributed to an increase in per capita consumption of meat to about 168 pounds, compared with 158 pounds in 1970.

The population growth rate on 0.7 percent in 1973 was the highest in recent years. The aggregate balance of trade and balance of payments remained active.

Domestic gross agricultural production increased by 4.2 percent. A record quantity of 9.8 million tons of grain was produced, higher by 1 million tons than the 1971-72 average output. But success in grain production was offset by below-average outturns of potatoes —an important feed for hogs in Czechoslovakia—and of roughage.

Cattle numbers rose by 2.5 percent in 1973, and poultry by 2 percent. The hog population declined in the spring because of an outbreak of foot-and-mouth disease. But by the end of the year, the inventory had been replenished.

Government plans for 1974 call for an increase of 5 percent in national income, and a rise of 3.8 percent in gross agricultural production. The retail food price freeze is scheduled to remain in effect.

Higher consumption of meat, milk, and eggs is expected, but the decline in human consumption of grain probably will continue. Higher consumption of grain for feed will more than offset this decline, however.

Despite the good 1973 grain crop, Czechoslovakia's grain imports in fiscal 1974 probably will remain unchanged from the past average level because of anticipated further growth in the livestock sector, the decline in nonconcentrated feed production, and the Government's plan for gradual building of a grain reserve.

In Czechoslovakia, as in all oil-importing countries, concern is being voiced about the energy shortage. All the energy increase needed to meet growing domestic demand must be covered by imported supplies. An inadequate supply of oil and natural gas, as well as of derivative products such as gasoline, fertilizer, and plant-protecting agents, could hinder agricultural production capacities and could upset existing agricultural plans.

CZECHOSLOVAKIA: IMPORTS OF MAJOR COMMODITIES FROM U.S., 1971-73

Commodity	1971		1972		1973	
	1,000 tons	*1,000 dollars*	*1,000 tons*	*1,000 dollars*	*1,000 tons*	*1,000 dollars*
Wheat	0	0	0	0	63.7	4,078
Corn	223.8	13,997	36.1	1,918	45.8	3,066
Barley	0	0	48.5	2,284	0	0
Oilcake and meal	78	7,230	123	14,564	145	31,015
Oilseeds	(1)	0	(1)	2,823	(1)	5,146
Total	—	27,845	—	39,412	—	60,993
	1,000 pieces	*1,000 dollars*	*1,000 pieces*	*1,000 dollars*	*1,000 pieces*	*1,000 dollars*
Cattlehides	697	5,413	859	13,047	824	16,103

[1] Not available.

CZECHOSLOVAKIA: TRADE IN PRINCIPAL AGRICULTURAL COMMODITIES, 1970-72

Commodity	1970	1971	1972
	1,000 tons	*1,000 tons*	*1,000 tons*
Imports:			
Wheat (food)	1,026	1,205	1,094
Barley (feed)	139	133	112
Corn	122	480	302
Rice	77	80	70
Other feeds[1]	427	494	627
Soybeans	20	21	19
Sunflowerseed	65	31	67
Cotton	114	106	108
Jute	16	13	14
Wool	20	20	19
Tobacco	16	17	21
Cowhides	43	50	48
Meat, incl. slaughter-weight animals	121	67	64
Poultry	12	7	5
Butter	11	12	8
Exports:			
Sugar	296	299	208
Malt	199	204	193
	Tons	*Tons*	*Tons*
Hops	120	60	60
	Gals.	*Gals.*	*Gals.*
Beer	28,300	33,237	33,100

[1] Includes protein meal and probably wheat for feed.

World Weather

Rains in late April and early May relieved very dry conditions and improved prospects for winter grains in Eastern Europe (see article beginning on this page) and the southwest portions of the USSR. The drought-plagued Sahel region of Africa remained dry except for the extreme east portion. However, good rains fell in Ethiopia, Kenya, and Tanzania. A below-average Himalayan snow pack reduced spring flow into reservoirs. April showers improved crop prospects in India and Bangladesh. Shortage of irrigation water has Mexican (Sonora) growers opting for cotton rather than double crop soybeans and wheat. April and May freezes have reduced prospects for deciduous fruits and nuts in much of Europe. Brazil and Argentina received too much April rain in spots with severe flooding in east-central Brazil.

GRAIN. Recent rains continue to keep Western Europe's winter grains in generally good to excellent condition, although they have caused some delay in spring seeding in much of the area. These rains also benefited winter grains in Eastern Europe and the southwestern part of the USSR where a very dry winter and early spring had threatened prospects. Soil moisture is generally adequate to start summer and fall harvest grains throughout the major producing regions of the USSR.

Soil moisture is also mostly favorable for seeding "winter" crops in South America. In Canada, grower planting intentions call for wheat to be up 2 million acres over 1973; corn up 100,000 acres; barley down 100,000; rye and oats about the same. Wet fields have been delaying planting.

Above-average wheat harvests are anticipated in the Near East except for Turkey. In the People's Republic of China (PRC) soil moisture is generally about normal. The spring rains will be especially important in the People's Republic as will be the summer monsoon in India where drought damaged winter grains and threatens summer crops. April showers helped a bit in India; nevertheless, the Indian wheat harvest estimate is 7 million metric tons short of the 30-million-ton target. Two-thirds of India's total grain crop, however, is dependent on the summer monsoon that usually begins in early June.

COTTON. Soil moisture is adequate in the major cotton regions except for India where prospects are more than usually dependent on the summer monsoon. Shortage of irrigation water in Mexico's State of Sonora has growers opting for cotton instead of double cropping with soybeans and wheat. About 15 percent of Argentine and South Brazil's cotton was lost to heavy rain at harvest.

OILSEEDS. Heavy rains reduced Brazil's peanut crop below earlier expectations. Planting of soybeans and peanuts in the Northern Hemisphere is reportedly experiencing no major problems.

HORTICULTURE. Deciduous fruit and nut crops in Europe, vulnerable because of a very mild winter, were reduced by frosts and freezes. Pears and stone fruits were especially hard hit. Fewer grapes are expected in France. Rain caused failure of the South African raisin crop. Australian raisins already on drying racks were damaged by rain and diverted to wineries.

PASTURES AND LIVESTOCK. Pastures should improve in the formerly dry regions of Eastern Europe and continue in good condition in Western Europe after late April and early May rains. There is usually little rainfall in April in the Sahel area of Africa. April 1974 proved generally no exception although pastures are expected to improve from beneficial April rains in the extreme east and in Ethiopia, Kenya, and Tanzania.

OTHER CROPS. Ideal weather is needed to build up world sugar stocks despite record production last year. Africa's cocoa crop is entering the critical stage of pod development and adequate rain is necessary if record high prices are to ease. The gum arabic supply, grown mostly in drought-hit Sudan and African Sahel, continues short.

East Europe's Drought Breaks

By ALAN H. RIFFKIN
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RAINFALL IN late April and early May has alleviated the severe drought afflicting Eastern Europe since the fall of 1973. Consequently, the outlook for winter grains has brightened considerably, and conditions for spring-sown crops have improved in the region.

An unusually mild, dry winter caused below-average grain winterkill, but resulted in low soil moisture content—a situation that was subsequently exacerbated by an early, dry spring. Precipitation in some countries from September 1973 through mid-April 1974 was less than 50 percent of normal. Soil moisture at the end of April throughout the area ranged from a low of about 55 percent of normal in Hungary to a high of about 75 percent in Yugoslavia.

Light rains during the last 10 days of April and heavy rains the first week in May have considerably improved prospects for fall-sown crops. The rains came at a crucial time when the crops grow the fastest and therefore need the most moisture. However, winter grain yields are generally expected to be lower than the record or near-record levels of last year.

Wheat production is preliminarily estimated at about 30.7 million metric tons, a 4-percent decline from the record output of 1973, despite a 5-percent increase in acreage. Aggregate wheat imports for 1974-75 are currently expected to increase about 13 percent above the 4.7 million tons imported in 1973-74. Wheat exports, on the other hand, may decline about 55 percent compared with 1973-74 estimated exports of almost 800,000 tons.

With soil moisture largely replenished by the heavy May rainfall, good soil conditions for spring-sown grains generally prevail throughout Eastern Europe. Spring-sown coarse grain yields are therefore expected to approximate last year's record yields. But with proposed acreage down slightly, production is not expected to surpass last year's record coarse grain crop of 56.6 million tons.

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Cuba's Agriculture, Led by Sugar, Shows Improvement in Key Crops

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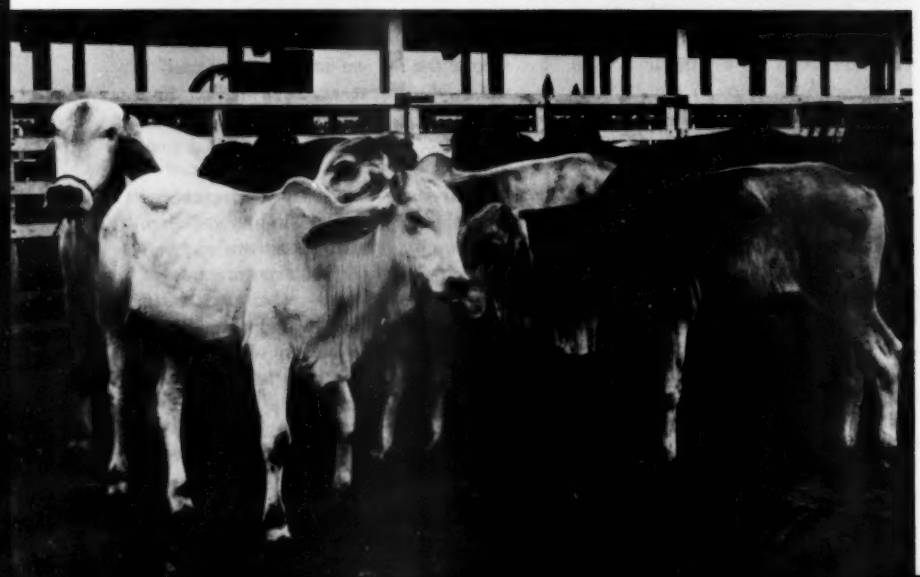

CUBA'S AGRICULTURAL ECONOMY in 1973 showed gains in some key farm products and may now be moving on a firmer course than in the past, due to increased investments in farm inputs and financial assistance from the USSR and some East European countries.

Sugar—the number one crop—is recovering from the below-average production levels of the 2 previous years. Outturn of 5.5-6 million tons is now estimated for the 1973-74 crop year. Many sugarcane areas are being replanted with higher yielding cane that is more suited to mechanized harvesting.

Rice production is up—thus partially easing Cuba's requirements for imported supplies—and milk production is increasing.

Cuba's island economy still is dependent, however, on other countries for a long list of agricultural commodities. Rice is only one of many staples that must be imported to supplement homegrown supplies or to meet the country's total food needs.

In the 1950's, Cuba was the largest market in Latin America for U.S. agricultural products, and was the seventh largest world market. Between 1956 and 1959, total U.S. exports to Cuba averaged $526 million annually. Of this value, agricultural commodities accounted for about 25 percent—about $137 million a year. Trade between the two countries ceased in 1961.

The major U.S. farm exports to Cuba were rice, lard, wheat, and wheat flour. Wheat and flour (in wheat equivalent) averaged 209,100 tons annually during the 4-year period 1956-59. Rice accounted for an average 170,000 tons annually, and corn for 20,000. Cuba received nearly all its imported grain from the United States.

In the last half of the 1950's, the United States also supplied all the lard imports required by Cuba—about 82,000 tons annually—as well as two-thirds of Cuba's total imports of raw cotton (9,000 tons) and of dried beans (63,000 tons).

Total U.S. imports from Cuba during the same period averaged $480 mil-

Cuban sugarcane (top left) is loaded by machine for transport to refinery. Rice (center) being harvested at Los Palacios, Pinar del Rio Province. Young Zebu cattle (left) in Matanzas Province. Zebu cattle are predominant in Cuban cattle industry.

lion, and consisted almost entirely of agricultural products.

Raw sugar was by far the most important of these products, averaging 2.9 million tons annually. This volume represented 61 percent of Cuba's sugar exports, and a substantial 81 percent of U.S. sugar import needs.

About 20 percent of U.S. tobacco imports—about 12,000 tons—was from Cuba during this period.

Today, Cuba's farm imports average about $250 million in annual value.

Grain imports in 1973 totaled 919,000 tons. Of this volume, 551,000 tons of wheat and flour (in wheat equivalent) were shipped from Canada, but presumably these imports were paid for largely by the Soviet Union.

Shipments of rice to Cuba in 1973 by the People's Republic of China (PRC) are estimated at 250,000 tons (milled basis). Argentina supplied nearly all the 119,000 tons of corn imported by Cuba in 1973.

Argentina and Cuba have signed an agreement for shipment of 170,000 tons of corn between January and June 1974.

Canada has contracted to ship 85,000 tons of wheat to Cuba between January and October of this year.

Havana now imports annually about 80,000 tons of beans—an important staple in the Cuban diet—of which about 30,000 tons come from the Soviet Union. Mexico and Chile also export pulses to Cuba.

The Soviet Union also exports about 60,000 tons of sunflowerseed oil to Cuba annually. Cuban lard imports from all sources are estimated at 70,000 tons.

In addition, the USSR supplies Cuba with the bulk of its cotton imports—about 18,000 tons (80,000 bales) yearly.

Exports of tobacco are an important source of foreign exchange for Cuba. Data on shipments and scarce, however. In 1973, Canada imported $1.8 million worth of tobacco products from Cuba, including 1.5 million cigars. In 1972, the Soviet Union imported 10.7 million cigars from Cuba.

A huge percentage of Cuba's agricultural land is planted to cane, and the bulk of the country's foreign-exchange earnings are derived from the export of sugar.

About 4.5 million tons of Cuba's 1972-73 sugar crop of 5.3 million tons moved into 1973 export trade, with 1.6 million tons going to the USSR—about 60 percent of total Soviet sugar imports. The second largest customer for Cuban sugar was Japan, which took nearly 1 million tons in 1973. The USSR has agreed to pay Cuba, through 1980, the equivalent of 11 cents per pound for sugar.

Since the signing of this agreement in 1973, the world market price of sugar has soared, and currently is more than 20 cents per pound.

The price of 11 cents per pound cannot be viewed as a cash price, but is rather an accounting basis for barter. Cuba, for example, imports large quantities of consumer, industrial, and military goods and services from the Soviet Union. Sugar pays for much of this import volume.

GROWTH OF CUBA'S KEY FARM IMPORTS
[In 1,000 metric tons]

Commodity	1956–59[1]	1973
Wheat and flour	209	551
Rice	170	250
Corn	20	119
Beans[2]	43	80
Cotton[3]	6	18
Lard	82	70
Sunflowerseed oil	—	60

[1] From United States, principal or sole source. [2] Imports all sources, 63,000 tons (approx.) [3] Imports all sources, 9,000 tons (approx.) Sources: FATUS 1956–59 USDA/FAS; FAO Trade Yearbook, 1972; data from trading partners; and estimates.

Following the signing of the latest USSR-Cuba sugar agreement in 1973, other East European countries began offering financial credits and technical expertise relating to development of Cuba's agricultural and industrial economies.

Poland, for example, offered a line of credit extending into 1975 to finance investments in the sugar and sugarcane waste industries.

Czechoslovakia provided development credits spanning comparable periods of time for construction by 1978 of a large bakery, with equipment to be supplied by Czechoslovakia.

The German Democratic Republic (East Germany) granted Cuba a $156 million credit extending over a 10-year period. Hungary agreed to lend $24 million, and to assist in the development of Cuba's meat and canning industries.

Although agricultural production in 1973 was somewhat stronger than in 1972—with gains in output registered by some commodities—a continuation of 1972 production levels is estimated for most commodities, and declines for a few.

The 1973-74 sugar crop of 5.5-6 million tons is moderately higher than the 5.3 million tons crop of 1972-73, and commensurate with average annual production in the past 20 years.

The most important development in the Cuban sugar industry, however, is the extensive replanting that has taken place during the past 2 years. Of the country's approximately 4.2 million acres under cane at the end of 1973, about half are believed to have been renewed since 1971. It is further believed that the sugar growing industry has adopted a 4-year replanting cycle that implies replanting annually 25 percent of total cane area.

The new program of cane renewal was begun several years ago. Harvest of the first crop generally is obtained from the cuttings obtained about 18 months after planting. After several harvests, the yield declines until finally it is necessary to replant. Successive annual cuttings from the same plant are termed ratoons.

The period between replantings varies throughout the world. In Cuba, it generally had been 10 years, with a replanting cycle in which 10 percent of the total area was replanted each year.

Cycles of less than 10 years are more common in other sugarcane areas of the world. Replanting in Cuba is divided into a spring drive (January-June), and a winter drive (July-December).

Replantings in calendar 1973 covered 1,097,739 acres, compared with 870,217 acres planted in 1972. If the replanted areas have been renewed with improved varieties, and if fields have been moved to level areas that will permit mechanical harvesting and are located closer to sugar refineries, then Cuba may be in a better potential position to reach its goal of 7.5-8 million tons annual production by 1980.

Total mechanization of the sugarcane harvest long has been a major Cuban goal. And progress toward this end was made in 1973. The Government set a policy calling for establishment of a permanent labor force of about 50,000 canecutters to replace the former mass mobilizations of workers from other sectors of the economy.

It is evident that a lesson has been

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World Demand for Grains Is Firm; Livestock Producers in a Squeeze

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WORLD CEREAL PRODUCTION has recovered substantially from the shortfalls of the 1972-73 crop year, but the new economic uncertainties raised by inflation, currency devaluation, and higher energy prices may have significant impact on international grain distribution and consumption patterns.

Demand for grain is strong in every consuming area. Production, although high, is nearly matched by consumption and a limited degree of stockpiling. The production increase in grain, including rice, in the current marketing year is estimated at about 110 million metric tons. However, the regional pattern of this increase has had substantial influence on 1973-74 market performance.

The USSR grain production increase in 1973-74 amounted to about 50 million metric tons—nearly half the total increase. Rice production increases in the same period account for another 23 million tons. These gains imply that only about 37 million metric tons of the increase represents a significant easing in the commercial world supply situation.

However, the beginning stock position at the start of the 1973-74 year of traditional grain exporters—Canada, Australia, Argentina, South Africa, and the United States—was down about 14 million tons, with the decline being almost equally divided between wheat and feedgrains.

The balancing of the declines in stocks held by traditional exporters with the production increases outside the Soviet Union and rice-producing areas provides at least a partial explanation of the continued strength in world cereal markets in the face of a very substantial production recovery on a world basis.

World grain exports are expected to be about 143 million metric tons in the current season, or about 7 million tons more than in 1972-73. Estimates of U.S. wheat exports in the current season are equal to last year, or about 1.2 billion bushels—about 32 million tons—while feedgrain exports are anticipated to be about 4 million tons greater than the 35.5 million tons of the past July 1-June 30 season. Corn exports based on the October 1 marketing year are expected to decrease by 58 million bushels.

Important factors in the current world cereal market are the continued economic strength in major markets and the uncertainty factor. There has been purchasing by some importing countries as a hedge against the possibility of export controls. Purchasers have been encouraged by the psychological reaction to the fact that the United States does not have a large overhang of Government-held wheat stocks.

Also, dollar devaluations have made the United States an attractive source of supply.

What is the 1974-75 marketing year outlook? For soybeans, the pattern of spring weather in 1973 encouraged a substantial expansion in acreage, and a crop of about 296 million bushels—about 8 million metric tons—greater than the 1972 outturn was harvested.

Exports in the current marketing year are estimated as being up by slightly more than 70 million bushels—about 1.9 million tons—from last year's level, and domestic disappearance is expected to be up somewhat less than 68 million bushels—about 1.9 million tons.

Soybean acreage probably will be down somewhat in 1974. Despite this decline, it is estimated that total bean supplies in September will be about 113 million bushels—about 3.1 million metric tons—greater than in 1973. If estimates as to 1974 production, domestic disappearance, and 1974-75 exports are close to the mark, carryin will increase again—modestly—in 1975. The market price outlook therefore is somewhat fragile.

There currently are three developments in world feed proteins that bear careful watching:

- An extremely wet spring could result in extra bean acreage at the expense of corn and cotton.
- If estimates on the size of the current Brazilian crop are reasonably correct, as much as 50 million bushels—about 1.4 million metric tons—could be available for increased exports from Brazil.
- Resumption of Peruvian anchovy fishing is resulting in additional tonnages to world protein supplies.

The current statistical position of grain availabilities is favorable for continued price strength—until such time as this situation may be affected by 1974-75 crop developments. Even if the current estimate of 1.2 billion bushels—about 32.6 million tons—of wheat for export proves reasonably correct, the United States will enter the 1974-75 marketing season with stocks reduced to a lower level than has been experienced for a couple of decades.

The outlook for the 1974 wheat crop in the United States is for a record 2.07 billion bushels—about 56 million metric tons. This will be an increase of nearly 362 million bushels—about 10 million tons—over the past season's record crop.

The Soviet Union—the world's largest wheat producer—will be hard-pressed to equal the record crop of 1973, but in view of its probable comfortable stock position a total slightly less than last year's will not be a market factor of exceptional importance. At least some of the developing wheat-producing countries—India, for example—face production losses due to dry weather, fuel shortages, and less fertilizer.

ON THE WHOLE—and even with substantial output increases in North America—world wheat production may just approximate the record levels of 1973 production. A massive North American crop could lead to some easing of prices. But an offsetting consideration is the generally low level of stocks that traditional exporters—especially the United States—will carry into the 1974-75 marketing year. The inference derived from these factors is that wheat prices probably will remain relatively strong through 1974-75.

Corn, the dominant grain in the coarse-grain complex, should have a 1974 level of production that would lift feedgrains to a new record production level on a world basis.

However, U.S. exports are running

quite high, and utilization is not down as much as anticipated earlier.

There are several demand factors that may impinge upon world soybean and grain prices. It is possible that the demand side of the equation is dominated by elements that will exert pressures for price weakness in the next marketing year. The extent to which energy shortages—or, alternately, higher energy costs—are going to affect major U.S. markets for agricultural products is not clear.

There is evidence that real rates of growth in Western Europe and Japan will be depressed and, presumably, the strength of the demand expansion that U.S. exports have been enjoying the past couple of years will be weakened.

The monetary outlook is especially muddled. At the beginning of 1974, the pound and the lira had both fallen below pre-Smithsonian exchange parities. The mark, guilder, and yen, while still substantially above the pre-Smithsonian exchange rate, had, since September-October 1973, fallen sharply, and were approaching the pre-February 1973 levels of exchange rates.

However, since the end of January, 1974, these currencies have risen against the dollar. On balance, this should represent some improvement in the trading position of U.S. farm exports.

Taking these factors into consideration, the supply-and-demand outlook for major farm commodities appears to be as follows:

Soybeans are statistically in a somewhat weaker position than grains as regards supplies, and are subject to the same demand-depressing pressures that may emerge this year as are other important export commodities. Soybeans could be vulnerable to downward price adjustments if a number of the factors noted join to exert adverse pressures in the same direction.

Wheat appears to be in a strong price position through the 1974-75 marketing year. But wheat is subject to some degree of downward price adjustment if world demand eases and international monetary developments are adverse.

Corn and feedgrains face a reasonably good price outlook through the 1974-75 marketing year. On a world basis, feedgrains are in a slightly weaker position in a statistical sense than wheat as regards supplies. Also, feedgrains are more subject to demand-depressing factors than wheat. Examples: A possible slowdown in growth of consumer disposable income, or adverse monetary developments. Prices could ease off from present levels during the 1974-75 season, and if movement occurs in this direction it may well be to a greater relative degree than appears likely for wheat prices.

The economic factors that apply to the world cereal situation this year also apply to world livestock production and demand. Over the past decade, significant changes have occurred in the world of animal agriculture. Just as the experiences of the past year have led us to perceive elements in the world demand situation to which we had not previously given sufficient weight in our analysis of the market for cereals, so have parallel developments occurred in the demand for animal protein foods.

THIS DEVELOPMENT has been reflected in an expansion of world trade in feedstuffs. It is also reflected in the expansion of world red meat exports, which rose from about 7 billion pounds in 1961 to 12.1 billion pounds in 1971 —an increase of about 72 percent.

In contrast to 1972 and 1973, when total production of beef, veal, and pork decreased in the world's major import markets—the United States, Canada, Japan, and the European Community—production is expected to be up in 1974. However, the greater part of the increase in production will be accounted for by beef and veal and a much lesser part by pork. It is anticipated that this same pattern will be reflected in the United States.

Beef and veal production in our country is estimated as being up 3-5 percent over 1973 levels but still about 2 percent less than 1972 production. Commercial pork production should be up 1 or 2 percent from 1973, but about 5 percent less than in 1972.

Over the near term, pork producers would appear to be in a stronger relative price position than beef producers. But both pork and beef producers are in a severe economic squeeze. Prices, relative to past levels, are reasonable, but costs are sharply up and grains have been very high and, even with easing as the new crop becomes available, are likely to remain high relative to the prices being returned to livestock producers.

Little firm evidence is available as to precisely the causes which depress farm-gate prices for hogs and cattle and, again, it should be emphasized that this farm-price depression is relative to the cost structure faced by the livestock producer.

It has been asserted that the distributive costs between the farmer and the consumer are inflated and there is, indeed, some evidence that marketing margins over the past several months have been wider than normal.

There is also speculation that consumer resistance to higher red meat prices stems from uncertainty occasioned by general inflation and the fact that the food budget in a typical household is more subject to adjustment than the fixed overheads of house payments, installments on the car, appliances, insurance, and other previously contracted obligations. Logically appealing as this thesis may be, there is little firm evidence yet available which will lend credence to it.

Whatever the reasons that demand at the retail level is insufficient to boost farm-gate prices sufficiently to cover sharply increased cost levels, no immediate relief appears probable for the livestock producer. If there is any comfort in the old saw that "misery loves company," this cost-price squeeze is not only a feature of the North American scene but is a worldwide phenomenon. But that reflection does not pay current costs.

The longer run world outlook for the livestock producer appears more hopeful. World income growth, the natural aspiration of people to upgrade their diets and, hopefully, consumer adjustment to new cost levels of energy and durable goods that will permit the natural proclivity to eat "high off the hog" or "high off the steer" will result in underlying strong demand growth for red meats. But the path to the longer run appears rough, especially for the beef producer who has less flexibility in adjusting the supply flow.

Both presently and in this longer run, the grain, oilseeds, and livestock producers face sharply increased costs. Thus, productivity increases, cost control, the right investment, and production decisions—in short, all the elements that go to make up good management—are going to be just as important to a farmer's net income position as in past years.

EC Prices Benefit Irish Farmers

IN SPITE OF some slight discontent from farm organizations, the majority of Irish farmers agree that new farm prices set at the European Community (EC) Council meeting on March 22-23 will benefit Irish agriculture. Added to the transitional price increase due for the year, the new prices represent a substantial rise in basic farm prices. The average 9 percent increase enacted by the Council—almost 2 percent more than the EC Commission proposed—was approved despite strong pressure from the United Kingdom.

Only Irish beef and dairy products will benefit immediately from the new prices, since market prices are well above the new intervention prices for most products.

Market prices for grains and feeds are expected to remain above the intervention levels throughout 1974. The basic intervention price in Ireland for wheat in August will be $119.43 per metric ton at port marketing centers and $98.47 a ton for barley.

The new Irish guide price for beef, including the 5-percent transitional increase, will rise 17 percent to $46 per live hundredweight (cwt.) with the average intervention price at $42.78 per live cwt. For the week that ended March 19, 1974, the average Irish market price was $38.65 per cwt.

To avoid distortion of trade between Ireland and the United Kingdom, which has special price arrangements (*Foreign Agriculture*, April 29, 1974), compensatory amounts will be paid from EC funds on Irish cattle and beef exports to the United Kingdom, making up for the smaller price increases there.

Hog intervention prices by November 1, 1974, will represent about $46.10 per long cwt. (1 long cwt.=112 lbs.), if compensatory amounts are operating at their maximum levels. In early April 1974, the Irish market price was about $57.36 per cwt.

Irish hog producers will receive a subsidy identical to that paid U.K. hog producers by the British Government, but the Irish subsidy will be paid out of EC funds. The subsidy rate is $6.70 per long cwt. during April and May, 1974, and will be $4.68 during June and $2.00 during July.

The new Irish intervention price for butter—80 percent butterfat—will be $1,789 per long ton, compared with $1,754 for 1973-74, and represents the transitional step increase only. The skim milk powder intervention price is $886, similar to that of other Member States. This will mean a rise of about 6 cents per imperial gallon of milk, or over 10 percent, to the farmer.

Dairy farmers who wish to change from milk production to beef breeding are again being assisted this year under Ireland's beef cattle incentive scheme. But this year, new applicants can choose between this plan or the EC's dairy herds conversion scheme, but cannot take advantage of both.

At present, Ireland is filling an order from Greece for 25,000 bull calves. Exports of young calves were restricted before Ireland joined the EC, since Irish policy has been to have the highest "added value" on cattle before they are exported. An additional 15,000 head of prime steers are reported to be destined for North Africa and Greece. This sug-

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Poland Continues Large U.S. Oilseed Purchases

POLAND IS EXPECTED to continue to buy large quantities of U.S. oilseeds, protein supplements, and fats and oils in 1974, despite high world market prices. Poland's imports of U.S. soybean meal—largest in Eastern Europe in 1973 and early 1974—should continue at about the same thriving rate. In 1973, Poland imported 344,000 tons of U.S. soybean meal, triple the 1972 level, to support its expanding livestock industry.

In 1974, the Government of Poland is likely to resume its purchases of U.S. soybean oil, which were discontinued in 1972. Imports of whole U.S. soybeans may be cut back, however, at least temporarily. In view of the policy change, made for economic reasons, Poland's soybean oil imports from the United States could amount to 10,000 metric tons in 1974 and 12,000 tons in 1975.

Poland is also a fairly large importer of U.S. peanuts for food use, importing some 5.4 million pounds in 1973. Purchases of U.S. cottonseed oil totaled 21.9 million pounds last year. Inedible tallow imports from the United States in 1973 were 3.2 million pounds.

In view of high world oil crop prices, the Government of Poland has encouraged domestic production of rapeseed, which is practically the only vegetable oil crop grown. Present producer prices for rapeseed are too low to stimulate increased production, however, and seeding of rapeseed has been below Government plan, according to trade papers. Further, farmers' income from wheat and barley is much higher than that from rape. Grain yields are also increasing, while no yield improvement in rape—the crop most exposed to winterkill—is reported.

A shortened rapeseed harvest is expected in 1974 because of winterkill. State purchases from the crop, initially planned at 710,000 metric tons, were increased to 850,000 tons, of which State farms are supposed to deliver 250,000. But present estimates suggest that State purchases could fall below targeted levels by as much as 35 percent. Last year, oilseed production in Poland totaled 521,000 metric tons, and State procurement was 24 percent below planned levels.

The 1974 rape harvest was severely set back by lack of snow cover last winter and strong winds in February and March. Of total area sown to winter rape, 17 percent will have to be plowed under in central areas of the country, 30 percent in the east, and 10 percent in western areas—an average loss of 15 percent in area.

The remaining rape is in fairly poor condition and insect losses are expected to be high, so that yields could be substantially below normal. Total production could be as low as 600,000 tons, with Government procurement possibly totaling only 500,000 tons.

In 1973, Polish per capita consumption of animal and vegetable oils increased by a surprising 2.2 pounds. Animal fats, the rural population's preference, accounted for half of the gain, with butter—relatively expensive—increasing by only about 5 ounces. Sales of margarine in cities are also strong and three varieties are available.

—Based on a dispatch from *Office of U.S. Agricultural Attaché, Warsaw*

Bean Production Found Declining In Most East European Countries

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EASTERN EUROPE—traditionally a large bean-producing and consuming area—is witnessing a gradual decline in bean crops everywhere except in Romania. To what extent current high world bean prices may reverse this trend cannot now be assessed.

In Poland, Czechoslovakia, Hungary, and Bulgaria, bean outturns range from stable to decreasing as farm production officials place increasing emphasis on higher meat output.

Bean production in a number of areas of Eastern Europe is falling short of meeting domestic demand as well as export demand. As a result, exporters of beans and other pulses may find new but limited market opportunities in Eastern Europe.

A 20-day inspection tour of the market situation for dry edible beans made late in 1973 by officials of the Michigan bean industry and the Foreign Agricultural Service turned up a consistent pattern of stable or declining bean production, as well as a conspicuous lack of any serious local threat to the foreign bean markets now being served by exporters in the United States.

Although statistics relating to production and trade in beans and other pulses are not readily available for all countries, trade patterns for the five countries in 1973—as well as for 1974 prospects—indicate smaller outturns.

Some of the recent decline has been due to adverse weather, but there also is evidence of reduced acreage in some areas. And government agricultural priorities clearly are in favor of the twin goals of self-sufficiency in grains and expansion of livestock numbers. Except in Romania, few resources are being directed at domestic pulse crops.

Beans are, however, included in the agricultural plans of most East European countries. If these plans remain relatively flexible, production on the state and cooperative farms could be increased. While the official agencies in change of agricultural trade consider beans and other pulses to be good foreign-exchange earners, pulses for food probably are not important enough in the total picture to merit a wider degree of consideration. It is doubtful if there will be any major upward trend in pulse production over the long term.

Dry bean production is insignificant in Czechoslovakia, static in Poland, and declining in both Hungary and in Bulgaria. Poland and Czechoslovakia have become net importers of beans.

There are several reasons for the low levels of production. Government planers have not accorded priority to bean production. Also, land availability is a problem in some areas. Some bean-growing acreages have been reassigned to grains or other crops. In Poland, there is a more limited growing season. In Romania and in Bulgaria, rainfall is a limiting factor. All these elements are tending to hold down bean outturns.

Bean production is primarily a hand operation on private farms in Poland. In Hungary, Romania, and in Bulgaria, most production—partly mechanized—is on State and cooperative farms. Romania utilizes mechanical equipment for cleaning and sorting.

Per capita consumption of pulses in the five countries ranges from a low of about 3.5 pounds in Czecholslovakia to about 12 pounds in Romania. The prevailing image of pulses is that of a cheap food, a concept that was reinforced during and immediately following World War II when per capita consumption of pulses was very high.

While some officials recognize the nutritive value of pulses, it is apparent that there are no plans for increasing consumption. The prevailing obsession in each country is for increased animal protein.

The markets of Prague, Czechoslovakia, sell packaged pulses as well as canned beans from Bulgaria. In Warsaw, Poland, pea soup is a favorite, and goose with white beans is a popular dish in Romania. In Sofia, Bulgaria, beans appear to be in short supply. Only one stand in the city market was offering beans for sale in early November 1973, and only one variety—Beautiful John—was stocked.

The canning industries of Romania and Bulgaria take 2,000-3,000 tons of dry beans annually. Some are canned in tomato sauce, and some with meat. In Poland, Czechoslovakia, and Hungary, canning of beans is a minor activity.

Most of the canning industry of Eastern Europe shuts down when fresh fruits and vegetables are no longer available.

In the absence of any promotion programs aimed at consumers, the demand in Eastern Europe for canned beans probably will grow very slowly—as will the canning industry.

Western Europe is the primary market for pulses exported from Eastern Europe. A small quantity of Romanian beans was sold to Israel in 1973, and other small amounts have been exported in recent years to Jordan, Iraq, Libya, Trinidad, and Venezuela.

By country, the outlook for 1974 production and trade in pulses is as follows:

Romania has an excellent crop. Its exports usually move into European markets beginning in January. Prices are set in relation to Michigan pea beans and Ethiopian beans.

OFFICIALLY, Romania expects to have 5,000-10,000 tons of beans for export in 1974. It is believed that this figure may be understated. High world prices should stimulate maximum exports this year.

Romania is the only country of the five putting into its bean industry any significant degree of resources in the form of research, technology, and increase in grown-alone acreage (vis-a-vis beans interplanted with corn).

The Government maintains an excellent experiment station at Fundulea. The head of the Romania Bean and Pea Breeding Laboratory spent about 3 months at Michigan State University in 1973 studying cultural practices, plant diseases, and the industry in general.

Between half and two-thirds of Romania's production and about one-fourth of Bulgarian bean production historically has been grown on interplanted acreage. Romania's grown-alone acreage increased from 121,000 acres in 1970 to 193,000 acres in 1973, probably offsetting decreases in the low-yielding interplanted acreage. Yields averaged about 900 pounds per acre, compared with the 12-year average in Michigan of

approximately 1,145 pounds.

Romania will continue to be a net exporter of beans, and may possibly expand the volume of its export trade.

Bulgaria, historically a substantial exporter of beans, imported 5,600 metric tons of U.S. beans in 1973, and reportedly has no export availability for 1974. Bean production in Bulgaria consists mainly of white beans, ranging in size from that of a Michigan pea bean to the large Beautiful John variety that is grown in small quantities primarily for export to Italy.

Officials state that Bulgaria will neither import nor export dry beans in 1974. But beans clearly are in short supply, and this situation could change. However, high prices will tend to hold down the volume of any imports.

Total bean production acreage in Bulgaria currently is estimated at about 141,000 acres, and is on a steady downward trend. Price will be the determining factor as to the class of white beans to be purchased—if any.

Historically, Poland has been a small net exporter of white beans of various sizes, some of which would be competitive with navy beans grown in Michigan. However, recent Government policies have made it more profitable for farmers to grow other crops. As a result, bean production has been declining, and Poland now has become a net importer. Bean imports totaled 3,500 tons in 1972.

Poland imported 500 tons of U.S. Great Northern beans in 1973. Exported pulses are all hand-selected and of excellent uniformity.

Czechoslovakia imports up to 5,000 tons of dry beans annually. Bulgaria and Romania are the primary suppliers. Purchases from the West are made on a c.i.f. Hamburg basis. Bean production on State farms is about 2,000 tons annually. This production is supplemented by an estimated 5,000 tons grown on other farms. White beans, of a size comparable to navy beans, are preferred.

In Hungary, outturns of beans are declining, due chiefly to mechanization of corn production. Beans formerly were interplanted with corn. Exports have declined from about 10,000 metric tons to 2,000-3,000 tons.

The Government of Hungary does not regard the production of pulses as important in the country's overall agricultural program. Virtually all pulse production is on small farms, with yields of about 620 pounds per acre.

Eastern Europe's Grain Outlook Now Optimistic

Continued from page 5

Imports may subsequently increase about 40 percent while exports may decline about 50 percent from 1973-74 levels. The final outturn will, of course, depend largely on subsequent weather and soil conditions, since in most cases, some spring grains are just now being planted in Eastern Europe.

Bulgaria. Sowing of winter grains in the fall of 1973 was completed in good time, and rainfall in the last 10 days of October was conducive to rapid growth and development. Since late fall, however, precipitation was below normal levels and snow cover throughout the winter was minimal.

Rainfall in the second half of April and early May has benefited the developing wheat crop, which could come very close to matching the record 1973-74 harvest. Spring planting has progressed satisfactorily, and with improved soil moisture, spring grain production could also approximate last year's record crop.

Hungary. An unusually dry winter and spring caused considerable concern in Hungary over this year's crop prospects. Timely, heavy rains the first week in May, however, have greatly improved the total grain outlook, and Hungarian officials are now hopeful of achieving yields comparable to those of 1973.

March rainfall was only 10 percent of normal, and heavy April rains, which followed the dry winters of 1971-72 and 1972-73, did not materialize this year. Some rain fell in the latter half of April, but soil moisture at the end of the month was almost 50 percent below normal. Fall-sown grains apparently came through the drought well, and the heavy May rains have now raised the soil moisture levels and made spring field work much easier.

Poland. Poland also had an unusually mild winter with minimal winterkill of fall-sown grains—about 3 to 4 percent for wheat and rye and about 8 percent for barley. This year's spring has been described as "one of the driest in this century." Rains in the latter part of April brought some relief from the drought, but estimated soil moisture at the end of April was still only about two-thirds of normal.

Harvested wheat acreage is expected to increase 10 percent, but with yields affected by the drought, production will probably decline slightly from the record 1973 harvest. Coarse grain production should approximate last year's record crop.

Heavy rain fell in southern Poland the first week of May, while less extensive rainfall was reported in the central and northern areas. Lightning and hail storms were reported throughout the Silesia basin on May 6, but there have not been indications of crop damage.

Romania. Germination of winter wheat was delayed by a dry fall. Precipitation from September 1973 to March 1974 was only 45 percent of normal, and signs of drought damage were beginning to show by April. Some improvement took place during April, especially with fairly good rains toward the end of the month. Soil moisture by then was estimated to be only about 60 percent of normal, but the situation continued to improve with early May rains. For some parts of Romania, however, the rains may have come too late to effect a complete recovery of wheat.

Yugoslavia. Last winter was very dry with little snow cover, but there was no wheat winterkill because of abnormally high temperatures. Soil moisture was seriously depleted in the early spring, retarding the development of winter wheat. Light rains during the last 10 days of April, and heavy rains in the first few days of May came at a crucial time for development of the winter wheat crop.

With wheat acreage estimated at 4.5 million acres and opportune rains, a good wheat harvest is now anticipated. Recent rains have helped replenish soil moisture while providing good conditions for spring-sown crops.

Czechoslovakia. Czechoslovakia also experienced a warm dry winter, followed by an early, dry spring. Precipitation in March was only 43 percent of normal, and Moravia and Bohemia received only 5 percent of normal precipitation in the first half of April.

Rainfall in the last half of April improved conditions somewhat, but soil moisture at the end of the month was only about three-fourths of normal. The situation improved during early May, but the Czech press on May 3 cautioned that the "condition of fall-sown and spring-sown grain varies greatly according to the area."

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	May 21	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	5.09	+40	3.45
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	5.03	+54	3.20
15 percent	5.17	+31	3.26
U.S. No. 2 Hard Winter:			
12 percent	4.89	−20	3.16
No. 3 Hard Amber Durum	6.50		3.40
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.34	+17	2.39
Argentine Plate corn	3.64	+5	2.63
U.S. No. 2 sorghum	3.04	+4	2.29
Argentine-Granifero sorghum	3.02	+6	2.28
U.S. No. 3 Feed barley	2.91	+14	1.89
Soybeans:			
U.S. No. 2 Yellow	6.31	−3	9.27
EC import levies:			
Wheat[3]	[4] .21	−13	1.51
Corn[5]	[4] .24	+2	.88
Sorghum[5]	[4] .52	+4	.91

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [5] Italian levies are 19 cents a bu. lower than those of other EC countries.

NOTE: Price basis 30- to 60-day delivery.

FRUIT, NUTS, AND VEGETABLES

Australian Dried Tree Fruit Crop Down in 1974

Heavy rains and high humidity significantly damaged Australia's 1974 apricot and prune crops. Apricot canners stepped in to purchase most of the remaining good quality apricots that escaped brown rot, leaving only limited supplies for drying. Dried apricot production is estimated at 1,600 metric tons, 36 percent below the 1973 pack of 2,500 tons.

Rain hit the prune crop during harvest, damaging ripe or ripening fruit and causing the third consecutive short crop. Prune production is estimated at 3,550 tons, 6 percent above the 1973 pack of 3,350 tons, but 21 percent below the 1966-70 average. Estimates place dried peach production at 350 tons, and pear production at 250 tons.

Australia is a minor exporter of dried tree fruits. Current estimates indicate 1973 exports totaled about 800 tons of prunes and 1,300 tons of dried apricots. The United States and New Zealand are major markets and the United Kingdom is a significant market for both items. The West Indies is a major prune market, and continental Europe and Japan are important customers for dried apricots. Australia exports only small amounts of dried peaches.

Canada Further Extends Temporary Tariff Reductions

On February 19, 1973, the Canadian Finance Minister announced a wide range of temporary tariff reductions as part of a counterinflationary move. In February 1974, the date the temporary reductions were to expire, extensions were made for most items. Exceptions were some canned and fresh fruits, some fresh vegetables, and all citrus fruit juices. Tariffs on these items reverted to the former higher rates as of February 19, 1974. For the remaining items, the temporary reductions were extended to June 30, 1974.

The tariff cuts, with the exception of fresh peaches, have now been further extended to December 31, 1974, as of action taken on May 6, 1974. The tariff rate on fresh peaches will revert to the higher rate on June 30. Delays in General Agreement on Tariffs and Trade (GATT) negotiations procedures were cited as one reason for extending the reductions to December of this year.

West Germany Issues Bean Import Tender

The Government of West Germany has issued a tender allowing imports of canned wax beans from the United States and Canada. Application for import licenses will be accepted from now until September 26, 1974, or until the value limit is reached, whichever comes first. Licenses will be valid until September 30, 1974.

Import licenses may be invalidated by the foreign trade agency in accordance with European Community Regulation 1427/71.

South African Expects Smaller Dried Fruit Crop

South Africa reports that heavy rain during the raisin harvest this year cut dried fruit production sharply. Total 1974 dried fruit production is estimated at 9,900 metric tons (10,950 short tons), half the 1973 crop of 19,800 metric tons. Heavy flooding on the Orange River reportedly caused extensive damage to vineyards, roads, and irrigation canals. Crop damage mainly hit Thompson Seedless variety raisins.

Current 1974 estimates by item in metric tons (short tons in parentheses) are: Raisins, 4,400 (4,850); currants, 800 (900); prunes, 1,800 (2,000); peaches, 1,400 (1,500); apricots, 800 (900); and other, 700 (800). Comparative 1973 production in metric tons was: Raisins, 14,850; currants, 450; prunes, 850; peaches, 1,600; apricots, 1,000; and other 1,050.

Calendar 1973 exports were above normal and totaled 9,947

metric tons (10,965 short tons). Raisins were the largest item, totaling 7,927 tons, followed by apricots, 800 tons; peaches, 450 tons; and other, 770 tons. The United Kingdom is the largest market for South African dried fruit. U.S. imports of South African raisins totaled 977 tons in calendar 1973.

EC Changes Subsidies for Selected Fruits

The European Community (EC) announced fruit export subsidy changes effective April 30, 1974. The subsidy for mandarin oranges of quality classes Extra, I, and II of 6 units of account was eliminated. A subsidy for shelled walnuts of 15 units of account was added.

Although the subsidy for apples, quality classes Extra, I, and II, other than cider apples, of 3 units of account remains unchanged, the list of eligible countries was amended to include Austria. A subsidy for lemons of quality classes Extra, I, and II of 2.5 units of account was added for exports to "countries or states with planned economies in Central and Eastern Europe." The subsidy for lemons to other destinations remains at 1.44 units of account.

EC Sets 1974 Tariff Quota For Raisins

The European Community (EC) has established a tariff quota for raisins in containers of 15 kg. or less for calendar 1974. Open to imports from all countries, the quota provides a reduced duty rate of 1.2 percent ad valorem, compared with the normal Common External Tariff of 6 percent. It comprises 10,616 metric tons for all EC countries.

Individual member country allocations in metric tons are: Germany, 2,807; Benalux, 450; France, 436; Italy, 80; Denmark, 437; Ireland, 385; and United Kingdom, 6,021. The quota is much larger than that of recent years due to the expanded EC membership.

LIVESTOCK AND MEAT PRODUCTS

Foot-and-Mouth Disease Reported in France

Foot-and-mouth disease has been reported spreading throughout France's Department of Brittany. The livestock population of this area includes 2.3 million head of cattle and 3.6 million head of hogs. There are also reports of cases of foot-and-mouth disease in the Loire Department.

As of mid-March, 14,232 pigs, 1,936 cattle, and 798 sheep had been slaughtered. All traffic between the infected areas is reportedly under police control, and intense vaccination is being carried out. Other European Community countries have placed controls on imports from the infected areas.

Canadians Announce Pork Sales to Japan, Cuba

A contract for 150,000 head of market hogs was recently executed between an Alberta packing company and several Japanese buyers. According to Alberta's Minister of Agriculture, these pork exports total in excess of 8 million pounds. Shipments began in April 1974 and cover a 2-year period.

Hogs to fill the contract will be obtained from about 130 producers in the Province of Alberta. Prices to producers have been set in the range of $48.00 to $56.75 per hundredweight of dressed meat.

At the same time, the Minister of Agriculture also announced the sale of an undisclosed amount of pork to Cuba in the fresh-frozen form.

Both sales are expected to have a balancing effect on the domestic market by encouraging an increase in domestic production and initiating future export sales to other countries.

U.S. Breeding Cattle Exported to Hungary

The Holstein-Friesian Association recently announced the sale of 2,175 head of breeding cattle to Hungary. Included in the shipment were 2,125 head of yearling Hereford bulls and bred Hereford heifers, as well as a complement of 50 head of Holstein breeding animals.

According to a representative of the Association, the cattle will be shipped by boat to Rijeka, Yugoslavia, transshipped across Yugoslavia to the Hungarian border, and then go by rail to Budapest, Hungary. Final distribution will be made in Budapest to individual farms.

Italy Bans Beef Imports

At the end of April 1974, Italy banned the import of beef and live cattle from all countries due to balance of payment problems. The ban is just one more factor in the already serious European beef problem.

Italy is a major importer of live cattle. Of the over 2 million head that Italy imports each year, over 50 percent come from other European Community (EC) countries. Italy also imports about 700 million pounds of beef annually, with most of it coming from third countries. The Italian ban will tend to weaken beef prices, and increase the beef surplus problem in other EC countries.

SUGAR AND TROPICAL PRODUCTS

U.S. Baler Twine Imports Up Nearly One-Third

U.S. imports of baler twine in January-March 1974 totaled 37,335 long tons, up 31 percent from imports during the first 3 months of 1973. During October 1973-March 1974, baler twine imports totaled 64,454 long tons (144 million pounds), compared with 53,763 long tons (120 million pounds) for the same 1972-73 period.

Baler twine carryover supplies at the end of the 1973 hay harvest—normally around 20-25 percent of annual requirements of some 270-300 million pounds—were down sharply due to high import prices and tight world supplies. Although imports of twine for the 1974 hay harvest are presently favorable, uncertainties as to 1974 production of sisal and henequen fiber, continue to spur worldwide competition for available product. General inflationary factors are keeping baler twine prices sharply above those a year ago.

TOBACCO

German Tobacco Foes Seek Advertising Ban

The German food law is being redrafted and tobacco opponents are trying to introduce into the legislation a complete ban on advertising of tobacco products. German tobacco manufacturers are resisting such a move. They point out that tobacco advertising has voluntarily been taken off of German

television and radio, and the remaining advertising is not aimed at nonsmokers, but is rather intended to promote specific brands.

They also argue that a complete advertising ban, such as that in Italy, for instance, would not stop growth in consumption and that campaigns in the United States to reduce smoking have not significantly affected cigarette sales. Manufacturers claim that advertising helps to promote "healthier" smoking by increasing consumption of low-nicotine cigarettes.

Israel's Cigarette Output and Imports Up

Israel produced 4,960 million cigarettes in 1973, 15 percent above 1972 production of 4,318 million. Cigarette imports of 230 million pieces were up 11.6 percent. Total sales of both imported and domestic cigarettes were up 14.7 percent, with the increase undoubtedly due to rising consumption associated with the war.

Of the 7.3 million pounds of leaf tobacco imported by Israel in 1973, about 2.2 million pounds were of U.S. origin. Prospects for increased shipments of U.S. tobacco to Israel during 1974 are bright, due to reduced domestic leaf production, low stocks, and increased cigarette production.

COTTON

India Sets Ceiling on Bengal Deshi Cotton Exports

India's Ministry of Commerce announced on March 22, 1974, a ceiling of 185,000 bales (480 lb. net) on exports of Bengal Deshi cotton for the 1973-74 season. Since the limitation has already been reached, no further exports of Bengal Deshi cotton will be permitted this season. The ceiling is roughly equal to average annual Bengal Deshi cotton exports of recent years. No limitations have previously been imposed this year. The export limitation does not apply to miscellaneous short staple varieties, such as Assam Comillas, Zodas, and Yellow pickings. Export registrations of these varieties totaled over 7,000 bales through mid-March this year.

This limitation appears to be a Government compromise between two large industry groups, the Indian Cotton Mills Federation (ICMS) and the East India Cotton Association (EICA). The ICMS had asked for a ban on exports above 165,000 bales in view of the recently lowered Indian crop estimate (now 5.2 million bales, down from 5.4 million bales earlier this season), rising cotton prices, and increasing use of Bengal Deshi cotton by the mills. The EICA wanted a ceiling of at least 200,000 bales if exports could not be kept totally free of controls, since exports of raw Deshi cotton have been more profitable than exports of cloth made from this cotton.

U.S. Cotton Teams Report Decreased Demand in the Far East

Two U.S. Industry/Government Cotton Teams returned from several important cotton importing countries in the Far East to report a significant slowdown in cotton sales as a result of a decline in demand for textiles. Textile mills have larger than normal cotton stocks. Some forward cotton purchases were made early at prices above current levels, and U.S. trade is concerned that foreign buyers may use shipping delays or other excuses to default on contracts. Foreign importers and mills expressed concern over delayed shipments of U.S. cotton this season, which resulted from reduced availability and sharply higher ocean freight costs.

Availability of credit for raw cotton is tight and—in the absence of Commodity Credit Corporation credit and P.L. 480—is limiting U.S. cotton imports to some degree, particularly in such countries as Korea and the Philippines. Textile industry sources report that availability of manmade fibers is increasing, and prices have declined somewhat from the high levels of earlier this year.

The potential market for U.S. cotton has increased as a result of rapid expansion in textile manufacturing facilities of countries visited by the teams. Further expansion will likely be related to the extent to which these countries can find export markets for their textiles.

DAIRY AND POULTRY

Soviet Marketings of Milk, Eggs Up

Soviet Government procurements of milk and eggs from farms in that country during January-March 1974 were respectively 14 and 13 percent above those for the same 1973 period. Poultry meat procurements were included in the total meat category, for which an increase of 7 percent (liveweight basis) was reported.

The milk production increase reflected a 9-percent increase in production per cow, as well as a larger number of cows.

Canada Limits Imports Of Eggs, Turkeys

Pending the issuance of permits to govern imports of eggs and products, and turkeys, the Canadian Government has restricted imports of these commodities. As of May 8, 1974 permits are required for the import of eggs and turkeys into Canada.

The permits should hold monthly imports at levels not exceeding the ratio set for current Canadian production. This ratio will be the average of the preceding 5 years, on a monthly basis, and will be effective whenever Canadian target egg and turkey prices are threatened by imports. At other times, permits will not be necessary.

Presently, target prices (in Canadian currency at Ontario locations) are 60 cents per dozen for Grade A large eggs, and 37.5 cents per pound for live, heavy, tom turkeys. Recent Canadian egg prices were slightly above this level, with turkey prices being close to the target. U.S. prices are sharply lower.

The Canadian Government has announced that importers must apply for permits on a first-come, first-served basis.

Other Foreign Agriculture Publications

- East European Grain Outlook Now Optimistic (FG 15-74)
- U.S. Trade in Specified Oilseeds, Vegetable and Marine Oils, Oilcakes, and Meals (FFO 5-74)
- U.S. Exports of Breeding Swine in Calendar 1973 (FLM 4-74)

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CUBAN AGRICULTURE SHOWS IMPROVEMENT IN KEY CROPS

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learned from the 1969 "Ten Million" campaign, in which workers were diverted from other sectors of the Cuban economy with resulting severe dislocations in other industries.

Cuba hopes to have most of its canefields ready for mechanical harvesting by the end of the 1970's. Jose A. Borot, general director of sugarcane mechanization, states, "By 1980, canegrowing will be virtually mechanized. With the conclusion of this decade, we will be cutting some 90,000 caballerias (about 3 million acres) of cane per harvest with combines."

This goal may be overly ambitious. As recently as the 1972-73 crop year, only 420 cane combines harvested about 11 percent of the total cane area.

Intermediate goals call for 19 percent of the total area to be mechanically harvested in 1973-74 with 750 combines; 28 percent in 1974-75, and 37 percent in 1975-76. The Government plans to add 300 new combines each year through the 1970's.

Although the Soviet Union has manufactured about 200 of the combines now in use and has contributed massive technical assistance in the mechanization program, the Cuban Government now plans to begin its own production of combines. A plant with an annual capacity of 600 units is scheduled to deliver its first combines in 1977.

Rice, Cuba's second most important crop, is making a strong comeback in production. Outturns fell to very low levels in 1964-68, but had recovered by 1973 to an estimated 260,000 tons (milled basis). And imports—largely from the PRC—are estimated at 250,000 tons (milled basis).

Cuba traditionally has been one of the largest rice-consuming areas in the Western Hemisphere. In 1954, per capita consumption was reported to be 115 pounds annually. Consumption dropped in the 1960's, and rice in recent times has been rationed.

The new production estimate and the anticipated volume of imported rice imply that rice consumption may soon be restored to the levels of the 1950's. Substantial investments are being made in rice fields and in drying facilities.

Cattle numbers increased from 5 million head to 7.2 million between 1960 and 1967, according to Cuban sources. But by 1972, the total had declined to 5.3 million as a result of high levels of meat consumption.

Early in 1973, consumer beef rations were reduced in an effort to slow the rate of slaughter and to rebuild herds.

The Government hoped that cattle numbers would show a modest increase in 1973, and larger increases in later years. A livestock census was conducted in August 1973, but the results have not been made available.

Investments continue to be made in disease eradication, pasturage, artificial insemination, breeding centers, and imports of replacement breeding stock.

Although total numbers have fallen, the proportion of dairy cows has increased since 1966. Collection of fresh milk was projected to rise from 228 million liters in 1971 to approximately 390 million liters in 1973.

Tobacco production recovered in 1972 after a disastrous 1971. Planted area in 1973 is reported to be about 160,000 acres—the largest in the past 9 years.

The 1973 crop is reported to be about 80 percent black tobacco and about 20 percent burley and flue-cured. Output reportedly has increased by 3 percent over 1972, when production was estimated at 45,000 tons.

Tobacco is grown throughout the country, but the bulk is planted in the western and middle provinces. Most is grown on privately owned land, with seed, fertilizer, and machinery provided by the Government.

Irish Farmers Benefit

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gests a big increase in Ireland's live cattle exports to non-EC countries, which took only about 5,000 head last year and 4,385 head in 1972.

Ireland has banned live sheep exports to Mediterranean countries from mid-March to mid-November 1974. This is a regular seasonal restriction because of high summer temperatures, but the action has aroused some trade and political controversy.

Tunisia is reported to have threatened retaliation by banning all trade links with Ireland, which will particularly affect cattle exports to Tunisia.

—Based on dispatches from *Office of U.S. Agricultural Attaché, Dublin*

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